



Processa Pharmaceuticals

CODE OF ETHICS AND CODE OF CONDUCT

I. Introduction

The Board of Directors (the “Board”) of Processa Pharmaceuticals, Inc. (the “Company”) has adopted this Code of Business Policy and Code of Ethics (this “Code”) in order to set forth the general guidelines for conducting the Company’s business consistent with the highest standards of business ethics. In this Code, references to “we” or “our” refer to the Company, and “you” refers to directors, officers, other employees and covered consultants. To the extent this Code requires a higher standard than required by commercial practice or applicable laws, rules or regulations; we adhere to these higher standards.

This Code applies to all of our directors, officers and other employees engaged in operational activities for the Company. We refer to all officers and other employees covered by this Code as “Company employees” or simply “employees,” unless the context otherwise requires. In this Code, we refer to our chief executive officer, chief financial officer, chief administrative officer, chief development office, chief strategy officer, or employees performing similar functions as our “principal officers.”

This Code also applies to our consultants, independent contractors, and agents (“consultants”), and, where applicable, suppliers and other third parties contracting with the Company. The Company will ensure incorporation of this compliance requirement in its contractual relationships with consultants, identify a Company contact for questions or reporting purposes, and will establish requirements with respect to education and training for employees, contractors and agents of our consultants. The Company will further incorporate applicable requirements from this Code in its contracts with covered suppliers and other third parties and, in such instances, the requirements imposed on employees under this Code will apply to such covered suppliers and other third parties.

A copy of this Code shall be made available to each director, employee, and covered consultant and each shall sign an acknowledgement of such delivery.

II. Seeking Help and Information

This Code is not intended to be a comprehensive rulebook and cannot address every situation that you may face. If you feel uncomfortable about a situation or have any doubts about whether it is consistent with the Company’s ethical standards or legal obligations, seek help. We encourage you to contact your supervisor for help first. If your supervisor cannot answer your question, if you do not feel comfortable contacting your supervisor or you do not get a

satisfactory response, contact the Company's Chief Executive Officer or Chief Administrative Officer.

III. Reporting Violations of the Code

All employees and directors have an affirmative duty to report any known or suspected violation of this Code, including violations of the laws, rules, regulations or policies that apply to the Company. A failure to report a known or suspected violation may result in disciplinary action against an employee.

If you know of or suspect a violation of this Code, immediately report the conduct to your supervisor or the Company's Chief Executive Officer, Chief Administrative Officer or any of our other principal officers. The Company's Chief Executive Officer will work with you and your supervisor or other appropriate persons to investigate your concern. All reports of known or suspected violations of the law or this Code will be handled sensitively and with discretion. Your supervisor, the Company's Chief Executive Officer and the Company will protect your confidentiality to the extent possible, consistent with law and the Company's need to investigate your concern.

It is Company policy that any employee or director who violates this Code, or who directs or approves a violation of this Code, will be subject to appropriate discipline, which may include termination of employment or removal from the Board of Directors, as appropriate. This determination will be based upon the facts and circumstances of each particular situation. If you are accused of violating this Code you will be given an opportunity to present your version of the events at issue prior to any determination of appropriate discipline. Employees and directors who violate the law or this Code may expose themselves to substantial civil damages, criminal fines and prison terms. The Company may also face substantial fines and penalties and may incur damage to its reputation and standing in the community. Your conduct as a representative of the Company, if it does not comply with the law or with this Code, can result in serious consequences for both you and the Company.

IV. Policy Against Retaliation

The Company prohibits retaliation against an employee or director who, in good faith, seeks help or reports known or suspected violations. Any reprisal or retaliation against an employee because the employee, in good faith, sought help or filed a report will be subject to disciplinary action, including potential termination of employment.

V. Waivers of the Code

Any waiver of this Code for our directors, executive officers, or other principal financial officers may be made only by our Board of Directors and will be disclosed to the public as required by law or the rules of the NASDAQ Stock Market. Waivers of this Code for other employees and covered consultants, suppliers and other third parties may be made only by our Chief Executive Officer, Chief Financial Officer or Chief Administrative Officer and will be reported to the Board of Directors.

VI. Conflicts of Interest

A. Identifying Potential Conflicts of Interest

A conflict of interest can occur when an employee's or director's private interest interferes, or appears to interfere, with the interests of the Company as a whole. You should avoid any private interest that influences your ability to act in the interests of the Company or that makes it difficult to perform your work objectively and effectively. Identifying potential conflicts of interest may not always be clear-cut. The following situations are examples of conflicts of interest:

- **Outside Employment.** No employee or director should be employed by, serve as a director of, or provide any services to a company that the individual knows, or suspects is a material customer, supplier or competitor of the Company.
- **Improper Personal Benefits.** No employee or director should obtain any material (as to him or her) personal benefits or favors because of his or her position with the Company. Please see "Gifts and Entertainment" below for additional guidelines in this area.
- **Financial Interests.** No employee or director should have a significant financial interest (ownership or otherwise) in any company that the individual knows, or suspects is a material customer, supplier or competitor of the Company. A "significant financial interest" means (i) ownership of greater than 1% of the equity of a material customer, supplier or competitor or (ii) an investment in a material customer, supplier or competitor that represents more than 5% of the total assets of the employee or director.
- **Loans or Other Financial Transactions.** No employee or director should obtain loans or guarantees of personal obligations from, or enter into any other personal financial transaction with, any company that the individual knows, or suspects is a material customer, supplier or competitor of the Company. This guideline does not prohibit arms-length transactions with banks, brokerage firms or other financial institutions in the ordinary course.
- **Service on Boards and Committees.** No employee or director should serve on a board of directors or trustees or on a committee of any entity (whether for-profit or not-for-profit) whose interests reasonably would be expected to conflict with those of the Company.
- **Actions of Family Members.** The actions of family members outside the workplace may also give rise to the conflicts of interest described above because they may influence an employee's objectivity in making decisions on behalf of the Company. For purposes of

this Code, “family members” include your spouse or life-partner, brothers, sisters and parents, in-laws and children whether such relationships are by blood or adoption.

- **Material Customers and Suppliers.** For purposes of this Code, a company is a “material” customer if the company has made payments to the Company in the past year in excess of the lesser of \$120,000, or one percent (1%) of the average of the Company’s total assets at year-end for the last two completed fiscal years, or if you know that company is reasonably likely to make payments to the Company in excess of such amount in the coming year. For a few years, we need to look back three years and apply this test. If you are uncertain whether a particular company is a material customer or supplier, please contact the Chief Executive Officer or Chief Administrative Officer for assistance.

Conflict of interest issues concerning the Company’s directors will be addressed by the Company’s full Board of Directors.

B. Disclosure of Conflicts of Interest

The Company requires that employees and directors disclose any situation that reasonably would be expected to give rise to a conflict of interest. If you suspect that you have a conflict of interest, or something that others could reasonably perceive as a conflict of interest you must report it in writing to your supervisor or the Company’s Chief Executive Officer or Chief Administrative Officer, or if you are a director, to the Company’s Chairman of the Board. Your supervisor and the Chief Executive Officer or Chief Administrative Officer, or the Chairman of the Board if you are a director, will work with you to determine whether you have a conflict of interest and, if so, how best to address it. Although conflicts of interest are not automatically prohibited, they are not desirable and may only be waived after full disclosure as described in “Waivers of the Code” above.

VII. Corporate Opportunities

As an employee or director of the Company, you have an obligation to advance the Company’s interests when the opportunity to do so arises. If you discover or are presented with a business opportunity through the use of corporate property or information or because of your position with the Company, you should first present the business opportunity to the Company before pursuing the opportunity in your individual capacity. No employee or director may use corporate property, information or his or her position with the Company for personal gain or should compete with the Company while employed by or providing services to us. You should disclose to your supervisor the terms and conditions of each business opportunity covered by this Code that you wish to pursue. Your supervisor will contact the Chief Executive Officer and other appropriate management personnel to determine whether the Company wishes to pursue the business opportunity. If the Company waives its right to pursue the business opportunity, you may pursue the business opportunity on the same terms and conditions as originally proposed and consistent with the other ethical guidelines set forth in this Code; *provided* that any pursuit

of such business opportunity shall not interfere in any way with or otherwise interrupt your work, duties and responsibilities as an employee or director of the Company.

VIII. Confidential Information

A. Company Information

Employees and directors have access to a variety of confidential, proprietary information while employed by or working for the Company. Confidential information includes all non-public information that might be of use to competitors, or, if disclosed, harmful to the Company or its customers. Employees and directors have a duty to safeguard all confidential information of the Company or third parties with which the Company conducts business, except when disclosure is authorized or legally mandated. Your obligation to protect confidential information continues after you leave the Company. Unauthorized disclosure of confidential information could cause competitive harm to the Company or its customers and could result in legal liability to you and the Company. Any questions or concerns regarding whether disclosure of Company information is legally mandated should be promptly referred to the Chief Executive Officer or Chief Administrative Officer.

B. Personal Information of Employees and Customers

The Company maintains a culture of confidentiality that is protective of the privacy and security of personal information about employees and customers. Employees and directors should only have access to personal information about employees and customers on a need-to-know basis and the information disclosed should be used only for the purposes for which the information was provided.

As a provider of health care services, the Company may be a “business associate” of covered entities under the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) and has an obligation to keep confidential and protect the security of the protected health information or “PHI” of each patient for whom the Company services are used by covered entities (with exceptions for certain allowable disclosures), and to report any breaches of confidentiality to the affected individuals. The Company must also abide by state laws regulating the privacy of PHI and other personal information such as social security numbers. Each employee and director have an affirmative obligation to report any known or suspected breach of privacy or security to the Chief Executive Officer or Chief Administrative Officer promptly.

IX. Competition and Fair Dealing

All employees should endeavor to deal fairly with fellow employees and with the Company’s customers, suppliers and competitors. Employees should not take unfair advantage of anyone

through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice.

A. General Guidelines:

The Company is committed to dealing with all third parties fairly, honestly and with integrity. Specifically, you should keep the following guidelines in mind when representing the Company to a third party:

- Information we supply should be accurate and complete to the best of our knowledge. Employees should never deliberately misrepresent information about our products or the Company.
- Employees should always be cognizant of the potential confidential nature of the Company's information and should take appropriate precautions to protect it.
- Employees should not provide or accept entertainment or other benefits that could be viewed as an inducement to or a reward for purchase decisions. Please see "Gifts and Entertainment" below for additional guidelines in this area.
- You must handle the nonpublic information of our vendors, suppliers, and others with whom we have a relationship responsibly and in accordance with our agreements with them, including information regarding technology and products.
- You may not unlawfully obtain or use the materials, products, intellectual property, proprietary or nonpublic information or other assets of anyone, including our suppliers and competitors.

B. Relationships with Customers:

Our business success depends upon our ability to foster lasting customer relationships. The Company is committed to dealing with customers fairly, honestly and with integrity. Specifically, you should keep the following guidelines in mind when dealing with customers:

- Information we supply to customers should be accurate and complete to the best of our knowledge. Employees should not deliberately misrepresent information to customers.
- Employees should not refuse to sell, service, or maintain products the Company has produced simply because a customer is buying products from another supplier.
- Customer entertainment should not exceed reasonable and customary business practice or violate any federal or state law. Employees should not provide entertainment or other benefits that could be viewed as an inducement to or a reward for, customer purchase decisions. Please see "Gifts and Entertainment" and "Sales and Marketing."

C. Relationships with Suppliers:

The Company deals fairly and honestly with its suppliers. This means that our relationships with suppliers are based on price, quality, service and reputation, among other factors. Employees dealing with suppliers should carefully guard their objectivity. Specifically, no employee should accept or solicit any personal benefit from a supplier or potential supplier that might compromise, or appear to compromise, their objective assessment of the supplier's

products and prices. Employees can give or accept promotional items of nominal value or moderately scaled entertainment within the limits of responsible and customary business practice. Please see “Gifts and Entertainment” below for additional guidelines in this area.

D. Relationships with Competitors:

The Company is committed to free and open competition in the marketplace. Employees should avoid actions that would be contrary to laws governing competitive practices in the marketplace, including federal and state antitrust laws. Such actions include misappropriation and/or misuse of a competitor’s confidential information or making false statements about the competitor’s business and business practices. For further discussion of appropriate and inappropriate business conduct with competitors, see “Anti-Competitive Conduct” below.

X. Gifts and Entertainment

In addition to the provisions in this Code, the Company, its employees, directors and covered consultants who deal with customers or business partners who are in a position to refer any patients for Company’s products and services payable under any federal payer program are also subject to additional restrictions under federal and state laws.

A. General Requirements

Appropriate business gifts and entertainment are welcome courtesies designed to build relationships and understanding among business partners. Gifts and entertainment, however, should not compromise, or appear to compromise, your ability to make objective and fair business decisions. As a general rule, you may give or receive gifts or entertainment to or from customers or suppliers only if the gift or entertainment would not be viewed as an inducement to or reward for any particular business decision. All gifts and entertainment expenses should be properly accounted for on expense reports. If there is any question as to what is appropriate, contact your supervisor or a principal executive officer for additional guidance.

Gifts and entertainment may not be offered or exchanged under any circumstances to or with any domestic or foreign government officials or employees. If you have any questions about this policy, contact your supervisor or a principal executive officer for additional guidance. For a discussion of special considerations applicable to dealing with the United States, state and local governments, see “Interactions with Government” and “Government Investigations” below. If you conduct business on behalf of the Company in other countries, you must be particularly careful that gifts and entertainment are not construed as bribes, kickbacks or other improper payments. See “Anti-Competitive Conduct- Compliance with Bribery Laws” below regarding a discussion about giving or receiving gifts related to business transactions in other countries.

- **Meals and Entertainment.** You may occasionally accept or give meals, refreshments or other entertainment if: (i) the items are of reasonable value; (ii) a primary purpose of the meeting or attendance at the event is business related; (iii) the expenses would be paid by

the Company as a reasonable business expense if not paid for by another party; and (iv) no foreign or domestic government officials or employees are the beneficiaries.

- Advertising and Promotional Materials. You may occasionally accept or give advertising or promotional materials of nominal value.
- Personal Gifts. With the exception of personal gifts to or from foreign or domestic government officials or employees, you may accept or give personal gifts of reasonable value that are related to recognized special occasions such as a graduation, promotion, new job, wedding, retirement or a holiday. A gift is also acceptable if it is based on a family or personal relationship and unrelated to the business involved between the individuals. Please contact your supervisor or a principal executive officer for approval before accepting or giving personal gifts from/to foreign or domestic government officials or employees.
- Gifts Rewarding Service or Accomplishment. You may accept a gift from a civic, charitable or religious organization specifically related to your service or accomplishment.

You should make every effort to refuse or return a gift that is beyond these permissible guidelines. If it would be inappropriate to refuse a gift or you are unable to return a gift, you should promptly report the gift to your supervisor. Your supervisor will bring the gift to the attention of the Chief Executive Officer, who may require you to donate the gift to an appropriate community organization. If you have any questions about whether it is permissible to accept a gift or something else of value, contact your supervisor or a principal executive officer for additional guidance.

XI. Company Records

Accurate and reliable records are crucial to our business. Our records are the basis of our earnings statements, financial reports and many other aspects of our business and guide our business decision making and strategic planning. Company records include booking information, payroll, timecards, travel and expense reports, e-mails, accounting and financial data, measurement and performance records, electronic data files, personnel records, records relating to our intellectual property, product development and collaborations and all other records maintained in the ordinary course of our business.

All Company records must be complete, accurate and reliable in all material respects. Each employee and director must follow the formal document retention policy of the Company with respect to Company records within such employee's or director's control. A request for a copy of any such document retention policy or questions concerning any such policy should be directed to your supervisor or the Chief Executive Officer or Chief Administrative Officer.

XII. Protection and Use of Company Assets

Employees and directors should protect the Company's assets and ensure their efficient use for legitimate business purposes only. Theft, carelessness and waste have a direct impact on the Company's profitability. The use of Company funds or assets, whether or not for personal gain, for any unlawful or improper purpose is prohibited. To ensure the protection and proper use of the Company's assets, each employee and director should:

- Exercise reasonable care to prevent theft, damage or misuse of Company property;
- Report the actual or suspected theft, damage or misuse of Company property to a supervisor;
- Use the Company's telephone system, other electronic communication services, written materials and other property primarily for business-related purposes;
- Safeguard all electronic programs, data, communications and written materials from inadvertent access by others; and
- Use Company property only for legitimate business purposes, as authorized in connection with your job responsibilities.

Employees and directors should be aware that Company property includes all data and communications transmitted or received to or by, or contained in, the Company's electronic or telephonic systems. Company property also includes all written communications. Employees and other users of this property should have no expectation of privacy with respect to these communications and data. To the extent permitted by law, the Company has the ability, and reserves the right, to monitor all electronic and telephonic communication. These communications may also be subject to disclosure to law enforcement or government officials.

XIII. Accuracy of Financial Reports and Other Public Communications

As a public reporting company, we are subject to various securities laws, regulations and reporting obligations. Both federal law and our policies require the disclosure of accurate and complete information regarding the Company's business, financial condition and results of operations. Inaccurate, incomplete or untimely reporting will not be tolerated and can severely damage the Company and result in legal liability.

The Company's Chief Financial Officer and other employees working in the Finance Department have a special responsibility to ensure that all of our financial disclosures are full, fair, accurate, timely and understandable. These employees must understand and strictly comply with generally accepted accounting principles and all standards, laws and regulations for accounting and financial reporting of transactions, estimates and forecasts.

XIV. Political Contributions and Activities

The Company encourages its employees and directors to participate in the political process as individuals and on their own time. However, federal and state contribution and lobbying laws severely limit the contributions the Company can make to political parties or candidates. It is Company policy that Company funds or assets are not used to make a political contribution to any political party or candidate, unless prior approval has been given by our Chief Executive Officer and Chief Administrative Officer. The following guidelines are intended to ensure that any political activity you pursue complies with this policy:

- **Contribution of Funds.** You may contribute your personal funds to political parties or candidates. The Company will not reimburse you for personal political contributions.
- **Volunteer Activities.** You may participate in volunteer political activities during nonwork time. You may not participate in political activities during working hours.
- **Use of Company Facilities.** The Company's facilities generally may not be used for political activities (including fundraisers or other activities related to running for office). However, the Company may make its facilities available for limited political functions, including speeches by government officials and political candidates, with the approval of our Chief Executive Officer.
- **Use of Company Name.** When you participate in political affairs, you should be careful to make it clear that your views and actions are your own, and not made on behalf of the Company. For instance, Company letterhead should not be used to send out personal letters in connection with political activities.

XV. Advertising

All advertising and marketing materials should be approved under the Company's sales and marketing materials policies and procedures, which include review and approval procedures. Advertising and marketing materials should be truthful and contain no misrepresentations or deceptive information.

XVI. Compliance with Laws and Regulations

Each employee and director has an obligation to comply with all laws, rules and regulations applicable to the Company's operations. These include, without limitation, laws covering the development, testing, approval, manufacture, marketing and sale of our products, fraud and abuse, anti-kickback and false claims, copyrights, trademarks and trade secrets, information privacy, illegal political contributions, antitrust prohibitions, bribery, foreign corrupt practices, offering or receiving gratuities, environmental hazards, employment discrimination or harassment, occupational health and safety or misuse of corporate assets. The specific requirements of these laws and regulations are available from the Chief Executive Officer or Chief Administrative Officer or the Company's legal counsel. You are expected to understand and comply with all laws, rules and regulations that apply to your job position and will receive

training on those subjects, which training you are expected to complete. If any doubt exists about whether a course of action is lawful, you should seek advice from your supervisor, the Company's Chief Executive Officer or Chief Administrative Officer or, with approval, from legal counsel.

XVII. Compliance with NASDAQ Listing Standards

The Company is required to meet high standards of corporate governance in order to maintain its status as a listed company on the NASDAQ Stock Market. If you suspect a violation of any applicable listing standard, you must report it immediately to your supervisor, the Chief Executive Officer or Chief Administrative Officer. Reports may be made on an anonymous basis. Any reported matters that suggest violations of the listing standards or the Company's policies, regulations, or statutes shall be documented and investigated promptly. If the Company is found not to be in compliance with the applicable listing standards, the Chief Executive Officer or Chief Administrative Officer will be responsible for providing notification of noncompliance to NASDAQ by e-mailing continuedlisting@nasdaq.com.

XVIII. Interactions with Government

The Company may conduct business with the U.S., state and local governments and the governments of many other countries. The Company is committed to conducting its business with all governments and their representatives with the highest standards of business ethics and in compliance with all applicable laws and regulations, including the special requirements that apply to communications with governmental bodies that have regulatory authority over our products and operations. In your interactions with the government, you should:

- Be forthright and candid at all times. No employee or director should intentionally misstate or omit any material information from any written or oral communication with the government.
- Ensure that all required written submissions are made to the government and are timely, and that all written submissions, whether voluntary or required, satisfy applicable laws and regulations.
- You should not offer or exchange any gifts, gratuities or favors with, or pay for meals, entertainment, travel or other similar expenses for, government employees.

If your job responsibilities include interacting with the government, you are expected to understand and comply with the special laws, rules and regulations that apply to your job position as well as with any applicable standard operating procedures that the Company has implemented. If any doubt exists about whether a course of action is lawful, you should seek advice immediately from your supervisor and the Chief Executive Officer or Chief Administrative Officer.

XIX. Government Investigations

The Company has a legal duty to respond to reasonable requests for information from the government, whether related to audits, investigations or litigation. Company employees and directors should notify the Chief Executive Officer and the Chief Financial Officer immediately upon receipt of a request for information, subpoena or search warrant. Company employees and directors, before responding to ensure that any disclosure of information does not violate the patients' rights to privacy, the rights of employees, confidentiality agreements with vendors and business partners and certain other legal protections.

XX. Compliance with Fraud and Abuse Laws

The Company is currently or may become subject to federal and state laws that address fraud, abuse and waste in government healthcare programs, including Medicare, Medicaid and TriCare. The Company is required by federal law to ensure that all employees, including management, and its contractors and agents, are educated regarding federal and state false claims laws and the role of these laws in preventing and detecting fraud, waste, and abuse in federal health care programs.

False claims laws are intended to combat fraud and abuse against the government, including fraud and abuse in federal health care programs. The laws allow the government, and in some cases, private individuals, to bring civil actions against healthcare providers to recover damages and penalties when providers submit fraudulent or false claims to the government. There are many different types of false claims. Examples include:

- overcharging the government program;
- charging for services that were never performed;
- providing less than what was promised;
- providing unnecessary services;
- misrepresenting the services provided; or
- billing for services provided by an unlicensed or unqualified provider.

Both the federal and state laws that address false claims provide protections for individuals who report fraud and waste to the government (commonly referred to as “whistleblowers”). The federal False Claims Act prohibits any person or entity from knowingly submitting or causing the submission of a false or fraudulent claim for payment to the Federal government. Violators of the Act may be liable for up to three times the amount of the fraud, plus a civil penalty of not less than \$5,500 and not more than \$11,000 for each claim. The federal False Claims Act authorizes private individuals to bring false claims actions on behalf of the government, for which the individual may receive a share of any recovery. The Act applies to federally funded programs, including Medicare and Medicaid.

The federal False Claims Act also prohibits an employer from retaliating against an employee for attempting to uncover or report fraud on the Federal government. Any employee

who is discharged, demoted, suspended, threatened, harassed or in any other way discriminated against in his or her employment as a result of the employee's lawful acts in furtherance of a false claims suit may bring an action against the employer in federal district court. An employee who is retaliated against as set forth in the Act is entitled to reinstatement at the same level, two times the amount of back pay plus interest, and compensation for any special damages sustained as a result of the discrimination, such as litigation costs and reasonable attorneys' fees.

The Company is committed to conducting its business in a lawful and ethical manner. Its workforce must comply with all applicable laws, regulations, and policies. Violations of federal and state fraud and abuse laws may subject the Company and/or the employee responsible to criminal and civil penalties and such violations are not tolerated by the Company. If you suspect a violation of any fraud or abuse law, you must report it immediately to your supervisor, the Chief Executive Officer or Chief Administrative Officer. Reports may be made on an anonymous basis. Any reported matters that suggest violations of Company's policies, regulations, or statutes shall be documented and investigated promptly.

XXI. Compliance with Insider Trading Laws

Company employees and directors are prohibited from trading in the Company's stock or other securities while in possession of material, non-public information about the Company or its subsidiaries. In addition, Company employees and directors are prohibited from recommending, "tipping" or suggesting that anyone else buy or sell the Company's stock or other securities on the basis of material, nonpublic information. Employees and directors who obtain material non-public information about another company in the course of their duties are prohibited from trading in the stock or securities of that other company while in possession of such information or "tipping" others to trade on the basis of such information. Violation of insider trading laws can result in severe fines and criminal penalties, as well as disciplinary action by the Company, up to and including termination of employment. You are required to read carefully and observe our Insider Trading Policy, as amended from time to time. Please inform your supervisor or a principal financial officer if you do not have a copy of our Insider Trading Policy.

XXII. Public Communications and Regulation FD

A. Public Communications Generally

The Company places a high value on its credibility and reputation in the community. What is written or said about the Company in the news media and investment community directly impacts our reputation, positively or negatively. Our policy is to provide timely, accurate and complete information in response to public requests (media, analysts, etc.), consistent with our obligations to maintain the confidentiality of competitive and proprietary information and to prevent selective disclosure of market-sensitive financial data. To ensure compliance with this policy, all news media or other public requests for information regarding the Company should be

directed to the Company's Chief Executive Officer. The Company's Chief Executive Officer will work with you and the appropriate personnel to evaluate and coordinate a response to the request.

B. Compliance with Regulation FD

In connection with its public communications, the Company is required to comply with a rule under the federal securities laws referred to as Regulation FD (which stands for "fair disclosure"). Regulation FD provides that, when we disclose material, non-public information about the Company to securities market professionals or stockholders (where it is reasonably foreseeable that the stockholders will trade on the information), we must also disclose the information to the public. "Securities market professionals" generally include analysts, institutional investors and other investment advisors.

XXIII. Anti-Competitive Conduct

Antitrust laws of the United States and other countries are designed to protect consumers and competitors against unfair business practices and to promote and preserve competition. Our policy is to compete vigorously and ethically while complying with all antitrust, monopoly, competition or cartel laws in all countries, states or localities in which the Company conducts business. You should consult the Chief Executive Officer or Chief Administrative Officer with any questions you may have concerning compliance with these laws. The following is a summary of actions that are violations of applicable antitrust laws:

- **Price Fixing.** The Company may not agree with its competitors to raise, lower or stabilize prices or any element of price, including discounts and credit terms.
- **Limitation of Supply.** The Company may not agree with its competitors to limit its quantity or type of production or restrict the supply of its services.
- **Allocation of Business.** The Company may not agree with its competitors to divide or allocate markets, territories or customers.
- **Monopolies.** The Company may not engage in any behavior that can be construed as an attempt to monopolize.
- **Boycott.** The Company may not agree with its competitors to refuse to sell or purchase products or services from third parties. In addition, the Company may not prevent a customer from purchasing or using non-Company products or services.
- **Tying.** The Company may not require a customer to purchase a product or service that it does not want as a condition to the sale of a different product or service that the customer does wish to purchase.
- **Price Discrimination.** The Company may under some circumstances be prohibited from charging similarly situated customers different prices for the same good or service.

Consult with the Chief Executive Officer or Chief Administrative Officer before undertaking any such pricing programs.

A. Meetings with Competitors

Employees should exercise caution in meetings with competitors. Any meeting with a competitor may give rise to the appearance of impropriety. As a result, if you are required to meet with a competitor for any reason, you should obtain the prior approval of a Chief Executive Officer. You should try to meet with competitors in a closely monitored, controlled environment for a limited period of time. The contents of your meeting should be fully documented. Specifically, you should avoid any communications with a competitor regarding:

- Prices;
- Costs;
- Market share;
- Allocation of sales territories;
- Customer collaborations and development projects;
- Profits and profit margins;
- Supplier's terms and conditions;
- Product or service offerings;
- Terms and conditions of sales;
- Production facilities or capabilities;
- Bids for a particular contract or program;
- Selection, retention or quality of customers;
- Distribution methods or channels;
- Marketing strategies;
- Future development plans or product roadmaps; or
- Other subjects relating to or affecting the production or sale of products and services to existing or prospective customers.

B. Professional Organizations and Trade Associations

Employees should be cautious when attending meetings of professional organizations and trade associations at which competitors are present. Attending meetings of professional organizations and trade associations is both legal and proper, if such meetings have a legitimate business purpose. At such meetings, you should not discuss pricing policies or other competitive terms, plans for new or expanded facilities or any other proprietary, competitively sensitive information. You are required to notify your supervisor or a Chief Executive Officer or Chief Administrative Officer prior to attending any meeting of a professional organization or trade association.

C. Compliance with Bribery Laws

The Company is committed to carrying out business in a fair, honest, and open manner, and recognizes the benefits that a zero-tolerance policy towards bribery has on its corporate reputation and its relationships with customers and business partners. The Company and its employees and directors are prohibited from offering or giving money or any other item of value to win or retain business or to influence any act or decision of any governmental official, political party, candidate for political office or official of a public international organization.

The Company, and its directors and employees are also subject to the Foreign Corrupt Practices Act of 1977 (“FCPA”), as amended, the U.K. Bribery Act of 2010, and related laws of other countries in which the Company does or intends to do business. These laws prohibit the payment of bribes, kickback or other inducements to foreign officials. This prohibition also extends to payments to a sales representative or agent, including consultants, if there is reason to believe that the payment will be used indirectly for a prohibited payment to foreign officials. Violation of FCPA is a crime that can result in severe fines and criminal penalties, as well as disciplinary action by the Company, up to and including termination of employment, the directorship or consulting engagement, as appropriate.

XXIV. Export Laws

In general, anything the Company ships out of the United States must be covered by an export license. There are certain statutory general licenses which allow the Company to export some products without a specific license. Export control regulations are, however, quite complex and differ for companies located in the United States and abroad. If you have questions regarding import/export laws, contact the Chief Executive Officer or Chief Administrative Officer.

XXV. Environment, Health and Safety

The Company is committed to providing a safe and healthy working environment for its employees and to avoiding adverse impact and injury to the environment and the communities in which it does business.

Company employees and directors must comply with all applicable environmental, health and safety laws, regulations and Company standards. It is your responsibility to understand and comply with the laws, regulations and policies that are relevant to your job. Failure to comply with environmental, health and safety laws and regulations can result in civil and criminal liability against you and the Company, as well as disciplinary action by the Company, up to and including termination of employment. You should contact the Chief Executive Officer or Chief Administrative Officer if you have any questions about the laws, regulations and policies that apply to you.

All Company employees and directors should strive to conserve resources and reduce waste and emissions through recycling and other energy conservation measures. You have a responsibility to promptly report any known or suspected violations of environmental laws or any events that may result in a discharge or emission of hazardous materials.

The Company is committed not only to comply with all relevant health and safety laws, but also to conduct business in a manner that protects the safety of its employees. All employees and directors are required to comply with all applicable health and safety laws, regulations and policies relevant to their positions. If you have a concern about unsafe conditions or tasks that present a risk of injury to you, please report these concerns immediately to your supervisor or the Human Resources Department.

XXVI. Employment Practices

The Company pursues fair employment practices in every aspect of its business. The following is only intended to be a summary of certain of our employment policies and procedures. Company employees must comply with all applicable labor and employment laws, including anti-discrimination laws and laws related to freedom of association and privacy. It is your responsibility to understand and comply with the laws, regulations and policies that are relevant to your job. Failure to comply with labor and employment laws can result in civil and criminal liability against you and the Company, as well as disciplinary action by the Company, up to and including termination of employment. You should contact Chief Executive Officer or Chief Administrative Officer if you have any questions about the laws, regulations and policies that apply to you. For more information about the Company's employment policies, including procedures for specific situations, please consult the Company's Employee Handbook.

A. Harassment and Discrimination

The Company is committed to providing equal opportunity and fair treatment to all individuals on the basis of merit, without discrimination because of race, color, religion, national origin, sex (including pregnancy), sexual orientation, age, disability, veteran status or other characteristic protected by law. The Company also prohibits harassment based on these characteristics in any form, whether physical or verbal and whether committed by supervisors, non-supervisory personnel or non-employees. Harassment may include, but is not limited to, offensive sexual flirtations, unwanted sexual advances or propositions, verbal abuse, sexually or racially degrading words, or the display in the workplace of sexually suggestive or racially degrading objects or pictures.

If you have any complaints about discrimination or harassment, report such conduct to your supervisor or the Chief Executive Officer or Chief Administrative Officer. All complaints will be treated with sensitivity and discretion. Your supervisor, the Chief Executive Officer or Chief

Administrative Officer, and the Company will protect your confidentiality to the extent possible, consistent with law and the Company's need to investigate your concern. Where our investigation uncovers harassment or discrimination, we will take prompt corrective action, which may include disciplinary action by the Company, up to and including, termination of employment. The Company strictly prohibits retaliation against an employee who, in good faith, files a complaint.

Any member of management who has reason to believe that an employee has been the victim of harassment or discrimination or who receives a report of alleged harassment or discrimination is required to report it to the Chief Executive Officer or Chief Administrative Officer immediately.

B. Alcohol and Drugs

The Company is committed to maintaining a drug-free workplace. All Company employees must comply strictly with Company policies regarding the abuse of alcohol and the possession, sale and use of illegal substances. Drinking alcoholic beverages is prohibited while on duty or on the premises of the Company, except at specified Company-sanctioned events. Possessing, using, selling or offering illegal drugs and other controlled substances are prohibited under all circumstances while on duty or on the premises of the Company. Likewise, you are prohibited from reporting for work, or driving a Company vehicle or any vehicle on Company business, while under the influence of alcohol or any illegal drug or controlled substance.

C. Violence Prevention and Weapons

The safety and security of Company employees is vitally important. The Company will not tolerate violence or threats of violence in, or related to, the workplace. If you experience, witness or otherwise become aware of a violent or potentially violent situation that occurs on the Company's property or affects the Company's business you must immediately report the situation to your supervisor or the Chief Executive Officer or Chief Administrative Officer.

The Company does not permit any individual to have weapons of any kind on Company property or in vehicles, while on the job or off-site while on Company business. This is true even if you have obtained legal permits to carry weapons. The only exception to this policy applies to security personnel who are specifically authorized by Company management to carry weapons.

XXVII. Conclusion and Questions

This Code contains general guidelines for conducting the business of the Company consistent with the highest standards of business ethics. The Company expects all of its employees and directors to adhere to these standards. Failure to comply with the Code could result in severe consequences for the Company and for any noncompliant employee.

This Code, as applied to the Company's principal financial officers, shall be the Company's "code of ethics" within the meaning of Section 406 of the Sarbanes-Oxley Act of 2002, and the rules promulgated thereunder. This Code and the matters contained herein are neither a contract of employment nor a guarantee of continuing employment or retention by the Company. The Company reserves the right to amend, supplement or discontinue this Code and the matters addressed herein, without prior notice, at any time. The most current version of this Code is available on the Company's website. All Company employees and directors are required to sign a copy of the Code and disclose any conflicts of interest upon initial employment or election and annually thereafter.

All questions concerning this Code or concerning a matter that may implicate the Code may be directed to the Chief Administrative Officer, who is reachable by email at wguy@processapharma.com.

RECEIPT OF CODE OF BUSINESS POLICY AND CODE OF ETHICS

To: Chief Administrative Officer, Processa Pharmaceuticals, Inc.

From:

Re: Processa Pharmaceuticals, Inc. Code of Business Policy and Code of Ethics

I have received, reviewed, and understand the above-referenced Code of Business Policy and Code of Ethics and hereby undertake, as a condition to my present and continued employment at Processa Pharmaceuticals, Inc. to comply fully with the policies and procedures contained therein.

Signature

Date

Title